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Swine Farm Business Summary

1986

FINISHING

PREFACE

The 1986 Nova Scotia Swine Farm Business Summary for the Finishing Enterprise is a synopsis of the business performance of nine (9) Nova Scotia Swine Finishing Farms.

The farms used in this summary were not selected on a random sample basis. Instead, farmers volunteered their data for use in the summary. Since this is not a random sample selection of farms, care should be exercised in the use and interpretation of the results shown in the various tables of the summary.

Despite this limitation, farmers can compare their individual results with group average figures for farms with similiar characteristics. Such comparison can provide the farm manager with useful information that can be used in management decisions. However, the best information is the farmers own records and comparison of these from one year to the next.

We gratefully acknowledge the co-operation of the swine producers who participated in this summary

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James L. Houghton, P.Ag.
Farm Management Specialist

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INTRODUCTION

The Nova Scotia Swine Farm Business Summary for the Finishing Enterprise is designed to provide bench mark information that can be used to compare the financial strengths and weaknesses of individual swine farms with similar characteristics. Farm business analysis is an important function of the farm manager-operator. When analyzing the farm business, you must ask meaningful questions with respect to the costs, incomes, efficiencies and capital investment found in your business. This summary is designed to assist you with those questions and to provide you with basic information for comparison purposes. By identifying the strengths of your business and building on these, you should be able to enhance the profit picture of your business. By identifying the weaknesses of your business and taking corrective action, the profit picture of your business should also be improved.

Standards of performance and business progress are matters of personal choice and family goal setting. Each farm situation will have a different set of goals or objectives - a different set of values that you feel must be met through the farm business. It is for each of you to identify these and then compare your performance in achieving these objectives.

There are several ways that you can compare your farm performance. These include:

- You can compare your performance this year to that of last year. This perhaps is the best comparison. Have you progressed in reaching the goals you have set for your farm business?

- You can compare your performance with group average data for farms of similar size and general characteristics. This report may be useful in this regard.

- You can compare your performance to that found by research - realizing that the research data was obtained under a special set of conditions.

RECEIPTS

Receipts from the sale of hogs accounted for 97.8 percent of Total Farm Receipts. Of this amount, market hog sales amounted to 96.4 percent, and other hogs 3.6 percent.

Total Farm Receipts averaged $ 618,650. on a per farm basis, or $ 153.06 on a per hog sold basis.

TABLE 1: RECEIPTS

ITEM	PER FARM	PER HOG SOLD
Market Hogs	$ 583,769.	$ 144.43
Other Hogs	21,540.	5.33
TOTAL HOG RECEIPTS	$ 605,309.	$ 149.75
Stabilization	$ 8,781.	$ 2.17
Subsidies	505.	.12
Other Income	4,056.	1.00
TOTAL FARM RECEIPTS	$ 618,650.	$ 153.06

EXPENSES

Purchased feed was the largest single item and accounted for 48.4 percent of Cash Expenses. In dollar terms, feed amounted to $ 66.15 on a per hog sold basis, or $ 267,389. on a per farm basis.

Other major expenses were; purchased livestock at 34.6 percent, hired labour at 3.5 percent, machinery and equipment expense at 2.3 percent, and miscellaneous at 2.3 percent of Total Cash Expenses.

TABLE 2: EXPENSES

ITEM	PER FARM	PER HOG SOLD
Feed Purchased	$ 267,389.	$ 66.15
Swine Purchased	191,525.	47.38
Hired Labour	19,578.	4.84
Bedding	546.	.14
Vet & Drugs	1,957.	.48
Hog Supplies	3,738.	.92
Marketing Costs	11,122.	2.75
Utilities	5,478.	1.36
Taxes	1,018.	.25
Insurance	3,070.	.76
Building Repairs	9,522.	2.36
Machinery & Equipment Expense	12,709.	3.14
Auto Expense	2,712.	.67
Interest - Operating	9,909.	2.45
Miscellaneous	12,613.	3.12
TOTAL CASH EXPENSES	$ 552,885.	$ 136.79

INCOME SUMMARY

One of the key factors studied, when analyzing a farm business is Income. In the table below, two (2) measures of income are summarized.

Net Cash Income refers to the difference between Farm Receipts and Cash Expenses. For these farms, Net Cash Income averaged $ 65,765. per farm or $ 16.27 on a per hog sold basis.

Net Farm Income is the difference between Farm Receipts and Cash Expenses with adjustments made for Inventory Change, Depreciation and Interest on Capital Loans. For these farms, Net Farm Income averaged $ 30,447. per farm or $ 7.53 per hog sold.

TABLE 3: INCOME SUMMARY

ITEM	PER FARM	PER HOG SOLD
Total Farm Receipts	$ 618,650.	$ 153.06
Total Cash Expenses	552,885.	136.79
NET CASH INCOME	$ 65,765.	$ 16.27
Plus: Inventory Change	$ -9,006.	$ -2.23
Less: Depreciation	12,512.	3.10
Interest on Capital Loans	13,800.	3.41
NET FARM INCOME	$ 30,447.	$ 7.53

AVERAGE COST OF PORK PRODUCED

For farms in this study, the average cost of producing pork was $ .78 per pound on a live weight basis, and $ 1.00 per pound for dressed weight.

Note that this cost figure does not include a value for operator labour or interest on equity. Instead, it is a measure of the cost at the Net Farm Income level. No amount has been added for what is traditionally called "Opportunity Costs".

TABLE 4: AVERAGE COST OF PORK PRODUCTION

ITEM	PER FARM	PER HOG SOLD
Total Farm Expenses	$ 579,197.	$ 143.29
Plus: Inventory Adjustment	9,006.	2.23
Less: Other Income	4,056.	1.00
TOTAL COSTS	$ 584,148.	$ 144.52
Total Lbs. of pork produced (L.W.)	745,650	184.48
Ave. Cost of Production (L.W.) ($)	.78	.78
Ave. Cost of Production (D.W.) ($)	1.00	1.00

COST ANALYSIS

Feed purchased was the largest single cost item, accounting for 46.2 percent of Total Cost. Other major expenses were; swine purchased at 33.1 percent, hired labour at 3.4 percent, interest on loans at 2.4 percent, depreciation , miscellaneous and machinery and equipment expense each at 2.2 percent of Total Cost.

TABLE 5: COST ANALYSIS

ITEM	PERCENT OF TOTAL
Feed Purchased	46.2 %
Swine Purchased	33.1
Hired Labour	3.4
Bedding	.1
Vet & Drugs	.3
Hog Supplies	.6
Marketing Costs	1.9
Utilities	.9
Taxes	.2
Insurance	.5
Building Repairs	1.6
Machinery & Equipment Expense	2.2
Auto Expense	.5
Interest - Operating	1.7
Miscellaneous	2.2
Depreciation	2.2
Interest - Loans	2.4
TOTAL	100.0 %

PRODUCTION ANALYSIS

For farms in this study, there were an average of 3,941 market hogs sold. Weanling purchases averaged 3,994 head, with a feeder mortality of 3.71 percent for these farms. Market hogs were sold at an average dressed weight of 175 pounds.

TABLE 6: PRODUCTION ANALYSIS

ITEM		PER FARM
Market Hogs Sold	(#)	3,941
Other Hogs Sold	(#)	101
Inventory Change	(#)	-153
Inventory Adjustment	(#)	-38
Purchases	(#)	3,994
Feeder Hog Mortality	(#)	143
Feeder Hog Mortality	(%)	3.71
Total Hogs Sold	(#)	4,042
Ave. Wt. per Market Hog (D.W.)	(lbs)	175
Ave. Return per Market Hog	($)	148.14
Labour Man Equivalents	(#)	2.07
Feeders Sold/Man Equivalent	(#)	1,902
Total Sales per Man	($)	298,544

PRODUCTION ANALYSIS

Feed consumption per hog averaged 63.35 kilograms of starter and 277.36 kilograms of grower, for a total consumption of 340.71 kilograms of feed. This gives a feed conversion of 3.34 pounds of feed for each pound of gain.

TABLE 7: PRODUCTION ANALYSIS

ITEM	UNIT	PER FARM
Starter per Hog	(kgs)	63.35
Cost Starter/Hog	($)	18.69
Grower per Hog	(kgs)	277.36
Cost Grower/Hog	($)	61.39
Total Feed per Hog	(kgs)	340.71
Total Cost Feed/Hog	($)	80.08
Ave. L.W. Hog Produced	(kgs)	101.90
Feed Conversion - Starter & Grower		3.34
Feed Cost/Kg. L.W. Hog	($)	.79
Feed Cost/100 Lbs. L.W. Hog Produced	($)	35.72
Feed Cost/100 Lbs. D.W. Hog Produced	($)	45.79
Starter Cost/Tonne	($)	295.03
Grower Cost/Tonne	($)	221.33

SUMMARY

The 1986 Nova Scotia Farm Business Summary for Finishing operations provides basic information and statistics on the costs and returns associated with the swine Finishing enterprise on Nova Scotia farms. While not based on a statistically sound random sample of swine farms, the summary can be used, with care, to assist in the analysis of the swine finishing enterprise by providing group average data for comparison purposes.

In reviewing the information contained in this summary, the following items can be noted:

- Average market hog dressed weight was 175 pounds.
- Average feed consumption per market hog was 340.71 kilograms of feed, for a feed conversion of 3.34

In compiling data for this summary, extreme variation among farms was noted. This variation was observed in most items of receipts, costs and management factors. Below, we outline a number of the variations.

- Net Farm Income had a range of $50.76 per hog sold between the highest and lowest Net Incomes on a per hog sold basis.
- Feed costs per hog sold had a range of $48.04
- Feed cost as a percent of total costs varied between 41.9 and 57.2 percent.
- Kilograms of feed per hog raised varied as much as 123.25 kilograms.
- Hogs sold per man equivalent had a range of 2224 hogs between the highest and lowest per man.

With such wide variation in many of the items of returns, costs and production factors, it is difficult to isolate specific characteristics that result in a profitable swine Finishing unit. It would appear, however, that a number of the key factors of production outlined above, such as production per unit, cost control, efficient use of capital and labour, are of significant importance in determining the success of the farm unit.

Those operators who successfully combined these factors of production in the operation and management of their farm units achieved a return to their labour, capital and management skills.